

# THE TORONTO STOCK EXCHANGE

19/2/70  
7/5/70  
5/6/70

FILING STATEMENT NO. 1731  
FILED, JUNE 5th, 1970.

## PCE EXPLORATIONS LIMITED

Incorporated under Part XI of The Ontario Companies Act by Letters Patent dated June 24th, 1945 under the name Pacific (Eastern) Gold Mines Ltd. By Supplementary Letters Patent dated August 7th, 1957 the name of the Company was changed to the present name.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Property option agreement (see item 11 hereof).  (b) Acquisition of claims by staking on Baffin Island (see items 10 and 19 hereof), which items also disclose the current status of the Company's direct or indirect interest in other properties.																		
2. Head office address and any other office address.	Suite 420, 159 Bay Street, Toronto, Ontario.																		
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<table><tr><td>President &amp; Managing Director</td><td>Murray Watts 55 Bayview Ridge Willowdale, Ont.</td><td>Mining Engineer and Prospector</td></tr><tr><td>Vice-President &amp; Director</td><td>Jacob Austin 2664 Edgar Cres. Vancouver, B.C.</td><td>Barrister and Solicitor</td></tr><tr><td>Director</td><td>Murdock C. Mosher 168 Sandringham Drive, Downsview, Ont.</td><td>Prospector Self-employed</td></tr><tr><td>Director</td><td>Mervin E. Davis 597 Hadden Dr. W. Vancouver, B.C.</td><td>Chartered Accountant</td></tr><tr><td>Director</td><td>Donald Sirola R.R. #1 Cobalt, Ontario.</td><td>Senior Mining Representative</td></tr><tr><td>Secretary-Treasurer</td><td>George Arthur Loader 35 Agar Cres. Islington, Ont.</td><td>Accountant</td></tr></table>	President & Managing Director	Murray Watts 55 Bayview Ridge Willowdale, Ont.	Mining Engineer and Prospector	Vice-President & Director	Jacob Austin 2664 Edgar Cres. Vancouver, B.C.	Barrister and Solicitor	Director	Murdock C. Mosher 168 Sandringham Drive, Downsview, Ont.	Prospector Self-employed	Director	Mervin E. Davis 597 Hadden Dr. W. Vancouver, B.C.	Chartered Accountant	Director	Donald Sirola R.R. #1 Cobalt, Ontario.	Senior Mining Representative	Secretary-Treasurer	George Arthur Loader 35 Agar Cres. Islington, Ont.	Accountant
President & Managing Director	Murray Watts 55 Bayview Ridge Willowdale, Ont.	Mining Engineer and Prospector																	
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Secretary-Treasurer	George Arthur Loader 35 Agar Cres. Islington, Ont.	Accountant																	
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 7,500,000 shares par value \$1.00 each.  Issued: 6,825,000 shares.																		
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.																		



<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>The Directors of the Company have reserved out of the unissued capital of the Company, 100,000 shares for employee incentive options, which options will be allocated from time to time in amounts and prices by resolution of the Board of Directors and after acceptance of notice thereof by the Toronto and Vancouver Stock Exchanges. Approval of the aforesaid employee incentive options has been obtained from the Vancouver Stock Exchange and approval by the Toronto Stock Exchange is pending.</p> <p>The aforesaid options are not transferable and are void in the event the optionees cease to be employees of the Company.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and; if any assignment is contemplated, particulars thereof.</p>	<p>None</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>None</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>Continued prospecting and examination is planned on the Company's Alaskan claims in accordance with the recommendations of John R. Graham, P.Eng., contained in his report dated February 5th, 1970. In the event that the results of current metallurgical testing continue their favourable trend the Company proposes to transfer the option covering the claims to a new company for 750,000 vendors shares of which 550,000 will accrue to the Company and the balance to prospector interests. The Company in conjunction with interested financing groups would then underwrite and option shares of the capital stock of the new company to provide funds for the initial phases of the exploration programme.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>See Schedule "A" on pages 3 - 13 inclusive.</p>



## SCHEDULE "A"

### Properties held Directly by the Company

#### Artillery Lake, Northwest Territories

In the summer of 1968 a total of 264 claims were staked in the Artillery Lake area, Northwest Territories, at an approximate cost of \$30.00 per claim. The Company conducted a limited one party prospecting programme during the 1969 field season. Nothing of significant interest was encountered and the claims have since been allowed to lapse.

#### Alaska

During the 1969 field season a prospecting and examination programme was completed in Alaska, largely on the Seward Peninsula. As a result of this programme 225 claims were staked and another 36 claims were optioned in the Lost River area. (See item 11 hereof) The 225 claims were staked at a total cost of approximately \$4,950.00.

#### Mont Laurier - Baskatong Lake Area, Quebec

In January 1969 the Company acquired an option from A.E. Jerome et al, c/o 1073 Stafford Street, Sudbury, Ontario, to purchase eight mining claims in Baskatong, Mitchell and Lytton Townships, Mont Laurier, Province of Quebec, in consideration of a cash payment of \$10,000.00. This option has been abandoned.

By agreement dated the 30th day of November, 1968, the Company acquired from Henri Philippon of Rouyn, Quebec, the option to purchase a group of approximately 325 claims in the Mont Laurier area in the Province of Quebec for a cash consideration of \$20,000.00. The Company may exercise the option in full at any time during the currency of the agreement by the formation of a new company having an authorized capital of 5,000,000 shares of which 200,000 vendors shares will be issued to Mr. Philippon. No time limitation has been set for the exercise of the option.

During the winter of 1968 and early summer of 1969 a geochemical, geophysical, prospecting and exploratory diamond drilling programme was completed. The bulk of the work was confined to 20 claims, but all other claims were at least prospected. A total of 10 line miles of scintillometer investigation, 6 line miles of geochemistry, samples every 100 feet, limited trenching and 562 lineal feet of exploratory diamond drilling were completed. No further work is planned.



Otish Mountain Area, Quebec

By agreement dated March 4, 1969, the Company purchased from Harold A. Kenty a total of 235 claims in the Otish Mountain area in the Province of Quebec for a total sum of \$23,500.00 with Mr. Kenty retaining a 10% non-assessable interest in the claims. A ground prospecting and airborne scintillometer survey was completed over the Company's claims during the summer of 1969. No further work is contemplated.

Ell Lake, Mistassini Area, Quebec

The Company caused to be staked a group of 30 claims in the Ell Lake Mistassini Area, Quebec at an approximate cost of \$ 40.00 per claim. During the spring of 1969 a geophysical, geochemical and exploratory drilling programme was completed. The work consisted of 7 line miles of radio-frequency (vlf) electromagnetic surveying, about 3 miles of geochemical investigation and 561 lineal feet of exploratory diamond drilling in two holes. The claims have since been abandoned.

Kaniapisku River Area, New Quebec  
(Limestone Falls)

By Agreement dated October 23rd, 1969 between the Company and C. Margaret Ackerley, Prospecting Agreement, 1968 - 1969 as represented by Graham Milton Ackerley and Margaret I. Ackerley, both of 330 Rumsey Road, Toronto 17, Ontario, the Company acquired the sole and exclusive option to purchase a total of 150 unpatented mining claims located in three groups in Townships 5546, 5547 and 5049 in the Kaniapisku River Area, New Quebec for the following consideration:

(i) the sum of \$10,000.00 payable to the Optionors upon the effective date, which amount has been paid;

(ii) the further sums of \$10,000.00 payable to the Optionors on or before the 15th day of April, 1970 and the 15th day of October, 1970;



(iii) the issue to the Optionors of 300,000 vendor shares in the capital stock of a company to be incorporated on or before the 15th day of November, 1970 which shares shall be allotted and issued as fully paid and non-assessable and shall be subject to such terms of escrow as may be imposed by such regulatory bodies under whose jurisdiction the shares of the capital stock of the new company may be qualified for public sale from time to time. The balance of the vendor share consideration namely, 450,000 shares shall be allotted and issued to the Company or as it may in writing direct.

By ancillary agreement between the said parties, the Company obtained the sole and exclusive right to stake up to an additional 100 mining claims in the immediate area of the aforementioned 150 mining claims up and until December 31st, 1969 in which event the said additional claims would be deemed to be covered by the terms and conditions of the aforesaid Agreement dated October 23rd, 1969. No claims were staked by PCE under the terms of this ancillary agreement.

In November, 1969 the Company undertook a geophysical and limited prospecting programme on these optioned claims. The geophysics consisted of approximately 15 line miles of radio-frequency (vlf) electromagnetic work, dual-frequency electromagnetic work and magnetometer work. The option has since been abandoned.

Roberts and Kitchener Townships, Ontario

By Agreement dated January 3rd, 1969 the Company acquired from Isaac Burns an option to purchase a total of 75 claims in Roberts and Kitchener Townships, Sudbury Mining Division, Ontario for an initial cash payment of \$7,500.00. The option may be exercised in the full by the Company at any time on or before January 3rd, 1971 by the incorporation of a new company with an authorized capital of 5,000,000 shares, and the issuance to Mr. Burns of 250,000 vendor shares in such new company.



Surface prospecting, reconnaissance scintillometer work, trenching and airborne scintillometer surveying was completed on this group of 75 claims under option to the Company. No further work is planned.

#### Achook Island, Northwest Territories

A total of 26 claims were staked in Achook Island, Great Bear Lake, Northwest Territories, on a 50-50 basis with Mariner Mines Limited for copper interest. PCE's participation costs have amounted to \$1,594.37 to date.

No information is as yet available as to the status of work completed on this property in participation with Mariner Mines Limited.

#### Baffin Island

The Company has recently completed a programme of staking claims on Baffin Island to cover a lead-zinc prospect. A total of 1,942 claims have been staked at an approximate cost of \$66,000.00.

#### Properties held by Companies in which the Company has a substantial interest

##### Northville Explorations Limited

By Agreement dated November 24th, 1967, as amended by Agreements dated December 8th, 1967 and September 1st, 1968 between the Company, Cominco Ltd., Newconex Canadian Exploration Limited, Conwest Exploration Company Limited, Pan American Canada Oil Company Ltd. (now Amoco (Canada) Limited), ("the developers"), Northville Explorations Limited, ("Northville") David O. Markle and Gordon Leliever, the developers, in consideration of Mr. Markle agreeing to transfer to Northville a total of 117 mining claims situate in the Coppermine



River Area, Northwest Territories agreed, in equal proportions, to undertake prospecting, exploration and development expenses on the claims acquired from Mr. Markle and other mining claims owned by Northville in the said Coppermine River Area and in consideration therefor received the right to receive shares in the capital stock of Northville as follows:

80,000 shares at 25¢ per share on or before September 1st, 1969; (since issued)

40,000 shares at 30¢ per share on or before October 31st, 1969;

40,000 shares at 40¢ per share on or before September 1st, 1970;

40,000 shares at 50¢ per share on or before October 31st, 1970.

The consideration paid to Mr. Markle for the said 117 mining claims was the allotment and issue of 300,000 vendor shares of Northville which shares are all held in escrow as to 180,000 in the name of Mr. Markle and 120,000 in the name of Mr. Leliever, who has a 40% interest therein.

Under the terms of said Agreement Mr. Leliever agreed to transfer and has transferred to the developers, in equal proportions, 168,750 escrowed shares of the Company at the price of 4-1/2¢ per share and has further agreed to transfer an additional 168,750 escrowed shares pro rata to the developers' holdings of shares in the Company when additional expenditures of \$60,000.00 have been incurred on the claims.

The developers may from time to time apply in satisfaction of the amounts to be applied in acquiring the aforesaid shares, their respective commitments and actual expenditures therefor plus any further expenditures incurred for drilling, exploration, prospecting, etc. In the event that the developers have not incurred expenditures sufficient



to satisfy the allotment and issue of shares of Northville by the aforesaid due dates, then any deficiency may be made up by each of the developers advancing cash to Northville for such purpose by the due dates. The developers, or any of them, having participated in the initial expenditure of \$100,000.00 which has already been advanced shall not be obligated to participate in any further expenditures under the terms of the said Agreement.

80,000 shares at 25¢ per share have been issued to each of the developers in consideration for such expenditures and for cash subscription in the total amount of \$100,000.00.

An Agreement has been entered into to extend all of the aforesaid due dates for a further period of one year.

49 of the said mining claims are currently in good standing.

The 1969 field programme consisted of 115 line miles of geophysics comprised of 91 miles of radio-frequency (vlf) electromagnetic work and 24 miles of magnetometer surveying. No further work is planned.

#### Coppermine River Limited

By Agreement dated February 27th, 1967 between the Company, Newconex Canadian Exploration Limited, Conwest Exploration Company Limited, Consolidated Proprietary Mines Holdings Limited and Pan American Canada Oil Company Ltd. (now Amoco (Canada) Limited), the Company agreed to cause Coppermine River Limited to be incorporated and arrange for the transfer to that company of a total of 1,554 mining claims in the Coppermine River Area, Northwest Territories. Coppermine River Limited then allotted and issued a total of 750,000



shares in consideration for the said mining claims of which shares 565,000 are currently held in escrow in the name of PCE. The remaining shares were allotted and issued to various prospector interests and to Consolidated Proprietary Mines Holdings Limited, which company received 15,000 shares and to Mr. Murray Watts, the President of PCE Explorations Limited, who received 60,000 shares at that time. To date the parties to the said Agreement have each subscribed for and purchased a total of 685,002 shares of the capital stock of Coppermine River Limited, thus providing that company with the funds necessary to carry on its exploration and development programme on the said mining claims. PCE currently holds a total of 1,250,002 shares of the capital stock of Coppermine River Limited of which 565,000 shares are escrowed as aforesaid. Each of the five parties has the right to purchase an additional 114,998 shares of the capital stock of Coppermine River Limited at \$1.00 per share on or before April 1st, 1970.

An Agreement has been entered into to extend the aforesaid due date of April 1st, 1970 for a period of one year.

Coppermine River Limited completed 1,187 lineal feet of exploratory diamond drilling, 236.5 line miles of radio-frequency (vlf) electromagnetic surveying, 93.5 line miles of magnetometer surveying and 77 line miles of induced polarization investigation during the 1969 field season. No further work is planned on the property.

#### Teshierpi Mines Limited

By Agreement dated February 13th, 1968 between the Company, Newconex Canadian Exploration Limited, Conwest Exploration Company Limited, Pan American Canada Oil Company Limited (now Amoco (Canada) Limited), and Consolidated Proprietary Mines Holdings Limited (the "developers"), Coppermine River Limited and Teshierpi Mines Limited ("Teshierpi"), the developers agreed to undertake prospecting, exploration



and development expenses on certain mining claims in the Coppermine River Area acquired by Teshierpi and in consideration of the developers incurring such expenses in the minimum sum of \$500,000.00 the developers were given the right to receive all or any part of 1,000,000 unissued shares in the capital stock of Teshierpi at 50¢ per share on or before December 31st, 1968, which date was subsequently extended to December 31st, 1970, and all other due dates similarly extended. In further consideration of the developers agreeing to incur further such expenses they now have the right to receive additional shares of Teshierpi as follows:

(i) all or any part of 1,000,000 shares at 50¢ per share on or before December 31st, 1971;

(ii) all or any part of 1,000,000 shares at 75¢ per share on or before December 31st, 1972;

(iii) all or any part of 1,000,000 shares at \$1.00 per share on or before December 31st, 1973.

It was a further term of the said Agreement that Teshierpi would acquire a total of 1,884 mining claims in the Coppermine River Area as follows:

(i) from PCE - 754 claims for 410,000 escrowed shares;

(ii) from Coppermine River Limited - 754 claims for 410,000 escrowed shares (these claims were purchased from PCE for \$56,466.23 being PCE's cost of acquisition being subject to a right of first refusal at cost in favour of Coppermine River Limited);

(iii) from PCE - a further 328 claims for the total sum of \$24,565.59;



(iv) the assignment by PCE to Teshierpi of its interest in an option agreement dated July 22nd, 1967 between PCE and Andy Kakik of Coppermine, Northwest Territories covering a further 12 claims for the sum of \$250.00 (this option has since been abandoned by Teshierpi, PCE having paid the second option instalment at \$750.00);

(v) from PCE - a further 36 claims for \$5,400.00 plus certain minor costs.

It was a further term of the said Agreement of February 13th, 1968 that an additional 180,000 escrowed shares of Teshierpi would be allotted and issued to satisfy in full the obligations by the Company arising out of the transfer of the said mining claims to Teshierpi, to certain prospector interests.

At a meeting of the Board of Directors of Teshierpi held on February 12th, 1969 it was noted that Teshierpi was indebted to PCE in the amount of \$30,965.59 in connection with the transfer of the said claims to Teshierpi. It was further noted that Teshierpi had not raised any money on its own account and that the only money available to carry out its objects was that available in an account maintained in the name of "Teshierpi Developers". Each of the Directors, as participants in Teshierpi Developers, indicated that they would be willing to subscribe for sufficient shares of Teshierpi in order to effect payment of the above mentioned debt to PCE and indicated on behalf of their respective companies that a total of \$30,965.59 would be transferred from Teshierpi Developers on behalf of Teshierpi Mines Limited to pay the debt, such advance to be satisfied by the take-down of an appropriate number of shares under the said Agreement of February 13th, 1968 as entered into between each of the developers and Teshierpi.

As a result of the foregoing, a total of 61,932 shares of the capital stock of Teshierpi were allotted and issued to the developers at a valuation of 50¢ per share; PCE receiving a total of 15,483 shares.



PCE is participating in the said expenditures as to a 25% interest. The remaining participating interests are as follows:

Conwest Exploration Company Limited - 25%

Amoco (Canada) Limited - 25%

Newconex Canadian Exploration Limited - 15%

Consolidated Proprietary Mines Holdings Limited - 10%

No further work is recommended on the Teshierpi Mines ground and the claims will be allowed to lapse as they fall due. All buildings have been abandoned and certain items of equipment have been sold to Coppermine River Limited for \$1.00. The corporate status of Teshierpi Mines will be maintained until the claims have all lapsed and funds for this purpose have been provided by the developers subscribing for shares of Teshierpi Mines Limited at 50¢ per share.

Work completed by Teshierpi Mines Limited during the 1969 field season consisted of 1,004 lineal feet of exploratory diamond drilling and 158.4 line miles of geophysics consisting of 137.5 miles of radio-frequency (vlf) electromagnetic investigation and 20.9 miles of magnetometer surveying.

#### East Coppermine Exploration Company Limited

In May 1968 the Company purchased a total of 50,000 shares of the capital stock of East Coppermine Exploration Company Limited at 40¢ per share. Subsequently in February, 1969 a further 44,180 shares of the capital stock of East Coppermine were issued to the Company to cover its additional contribution of \$25,000.00 to the exploration and development programme. The Company has recently advanced a further \$12,500.00 for exploration and development work and an appropriate number of shares in consideration therefor will be issued. The Company intends to continue to participate in the programme to the extent of a 10% interest.

During 1969 a geophysical and exploratory diamond drilling programme was completed. This programme consisted of 476 feet of diamond drilling in 4 holes, 174.7 line miles each of radio-frequency (vlf) electromagnetic and magnetic surveying and follow-up induced polarized surveying.



Victoria Island, Northwest Territories  
(Muskox Mines Limited)

In January 1969 the Company received a total of 131,966 shares of the capital stock of Muskox Mines Limited in satisfaction for its cash contribution and actual expenditures of \$35,020.00 on the exploration and development programme. The claims held by Muskox Mines Limited are situate on Victoria Island in the Northwest Territories. The Company does not intend to contribute any further monies to the programme. (See also Item 18 re litigation).

Two seasons (1968 and 1969) of exploration activity have outlined 200 square miles of basalts with favourable geological structure which have been recommended for additional diamond drilling and geophysical investigation. In addition to prospecting and geological mapping 1,260 lineal feet of exploratory diamond drilling in 4 holes and radio-frequency (vlf) electromagnetic surveying were completed during the 1969 field season.

Axle Heiberg Island, Northwest Territories

The Company, as to a 45% interest, in participation with Noble Oils Limited and assigns, and certain prospector interests has spent a total of \$34,699.26 to date on claims held by Heiberg Sulphur Mines Limited on Axle Heiberg Island in the Northwest Territories. A 45% interest in the vendor share consideration of Heiberg Sulphur Mines Limited will be issued to PCE in due course.

Geological and prospecting work was completed in 1968. No further work has been done to date.



SCHEDULE "B"

The action instituted by Albert Arthur Weiss and Massive Minerals Limited, as Plaintiffs and Morton Robert Goldhar, Consolidated Proprietary Mines Holdings Limited, Murray E. Watts, Watts, Griffis and McOuat Limited and the Company has been dismissed with costs. The Plaintiffs are appealing the decision. In the opinion of counsel for the Company, the appeal is without merit.

The President of the Company and the Company are named as Defendants (together with other participants in a Syndicate known as the Muskox Syndicate), in a Writ issued in the Supreme Court of Ontario with Ursa Polaris Developments Corporation as Plaintiff, under the terms of which the Plaintiff claims that certain of the Defendants are not entitled to an interest in the assets of Muskox Syndicate or in shares of Muskox Mines Limited (see Item 19 hereof). Muskox Mines Limited was incorporated pursuant to the Syndicate Agreement. The Plaintiff has asked for an injunction and interim injunction and accounting in support of such claim. The Writ also claims for a declaration that at a meeting of the members of the Muskox Syndicate held on November 22nd, 1968, the members acted in breach of trust of the provisions of the Syndicate Agreement, for damages against the Syndicate Managers for breach of trust and an injunction to oblige the Defendant, Muskox Mines Limited, to obtain Supplementary Letters Patent to vary its authorized capital and for costs against all Defendants.

On June 19th, 1969 judgment was delivered dismissing the Plaintiff's motion for an interim injunction with costs in the cause. On September 23rd, 1969, judgment was delivered dismissing the Plaintiff's application for leave to appeal to the Court of Appeal. The claims for declarations and a permanent injunction have been set down for trial.

In the opinion of Counsel for the Company, the Company has a valid defence to the foregoing claim.



# FINANCIAL STATEMENTS

## P. C. E. EXPLORATIONS LIMITED

### BALANCE SHEET

AS AT 31 DECEMBER, 1969

#### ASSETS

##### Current Assets

Cash in Bank	\$ 8,345.68	
Deposits Receivable	450,000.00	
Note Receivable	149,130.00	
Accounts Receivable and advances	2,161.56	
Sundry Deposits	<u>500.00</u>	\$ 610,137.24

Expenditures on Coppermine River Claims	127,818.77
Investment in Coppermine River Ltd. Shares	435,002.00
Investment in Unlisted Mining Companies	268,045.74

##### Fixed Assets - at cost

Mining Properties	\$ 228,837.00	
Prospecting Equipment	11,907.49	
Motor Vehicle	<u>2,200.00</u>	242,944.49

##### Other Assets and Deferred Expenditures

Interest in exploration participation	\$ 210,329.54	
Deferred exploration development and administration expenses	<u>396,676.05</u>	607,005.59
		<u>\$ 2,290,953.83</u>

#### LIABILITIES

##### Current Liabilities

Accounts Payable and accrued charges	\$ 5,315.77
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#### SHAREHOLDERS EQUITY

##### Capital Stock

<u>Authorized:</u>	
7,500,000 shares par value \$1.00	
<u>Issued and fully paid:</u>	
6,825,000 shares	\$ 6,825,000.00
Plus premium on shares	<u>789,312.50</u>
	\$ 7,614,312.50

Less: Discount on shares	<u>4,401,390.84</u>	\$ 3,212,921.66
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Deficit	( 927,283.60)
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APPROVED ON BEHALF OF THE BOARD

2,285,638.06

\$ 2,290,953.83



P. C. E. EXPLORATIONS LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT

AND ADMINISTRATIVE EXPENSE

FOR THE MONTH ENDED 31st DECEMBER, 1969

	PERIOD ENDED 30/11/69	MONTH OF DEC.	TOTAL TO 31/12/69
Balance Beginning of year	\$ 227,737.00	\$	\$ 227,737.00
<u>Exploration and Development</u>			
Assaying	331.00	--	331.00
Engineering	5,027.00	( 881.00)	4,146.00
General Expense	626.00	--	626.00
Prospecting Supplies & Exp.	78,890.00	7,489.00	86,379.00
Surveys	22,363.00	--	22,363.00
Wages	29,377.00	--	29,377.00
	\$ 136,614.00	\$ 6,608.00	\$ 143,222.00
<u>Administrative Expenses</u>			
Accounting	\$ 3,477.00	\$ 349.00	\$ 3,826.00
Administration	10,000.00	1,000.00	11,000.00
Advertising	6,611.00	--	6,611.00
Employees Benefits	819.00	73.00	892.00
Fees & Licenses	631.00	--	631.00
General	5,375.00	1,337.00	6,712.00
Insurance	( 807.00)	--	( 807.00)
Interest & Exchange	( 104.00)	15.00	( 89.00)
Legal & Audit	7,254.00	--	7,254.00
Telephone & Telegraph	5,564.00	530.00	6,094.00
Rent & Office Services	4,119.00	483.00	4,602.00
Shareholders Information	8,804.00	--	8,804.00
Travel	4,326.00	194.00	4,520.00
Wages	26,655.00	3,537.00	30,192.00
Transfer Agents' Fees	7,414.00	2,370.00	9,784.00
	\$ 90,138.00	\$ 9,888.00	\$ 100,026.00
Less: Interest on Deposits	( 40,822.00)	( 2,927.00)	( 43,749.00)
Sundry Income	( 6,248.00)	( 329.00)	( 6,577.00)
	\$ ( 47,070.00)	\$ ( 3,256.00)	\$ ( 50,326.00)
	\$ 43,068.00	\$ 6,632.00	\$ 49,700.00
	\$ 179,682.00	\$ 13,240.00	\$ 192,922.00
	\$ 407,419.00	\$ 13,240.00	\$ 420,659.00
Less: Written Off	\$ ( 16,915.00)	\$ ( 7,068.00)	\$ ( 23,983.00)
	\$ 390,504.00	\$ 6,172.00	\$ 396,676.00



P. C. E. EXPLORATIONS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM FEB. 1st., 1969 TO 31st DECEMBER, 1969

Source of Funds

Sale of shares of unlisted mining company	\$ 926.00
Interest Income	43,749.00
Miscellaneous Income	<u>6,577.00</u>
	\$ 51,252.00

Use of Funds

Prospecting equipment	2,284.00
Mining lands and rights	25,500.00
Investment in shares of Coppermine River Ltd.	40,000.00
Joint exploration ventures (including CR 25,000 representing investment in shares of East Coppermine River in consideration of past expenditures.)	(16,605.00)
Exploration, development & administration expenses	243,248.00
Investment in shares of unlisted mining companies	<u>32,741.00</u>
	\$ <u>327,168.00</u>

Increase (decrease) in Working Capital	(275,916.00)
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Working Capital beginning of period	\$ 880,737.00
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Increase (decrease) in Working Capital	(275,916.00)
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Working Capital end of period	\$ 604,821.00
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Current Assets	\$ 610,137.00
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Current Liabilities	5,316.00
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	<u>\$ 604,821.00</u>
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P C E EXPLORATIONS LIMITED

31st December 1969

Note to Financial Statement

The Deferred Exploration expenses have been incurred in the following areas.

Alaska	\$ 46,295.00
Artillery Lake, N. W. T.	2,425.00
Baffin Island	13,372.00
Mount Laurier	26,668.00
Dryden Twsp.	1,080.00
Ell Lake	14,393.00
Limestone Falls	7,068.00
Roberts Twsp.	20,479.00
Otish Mountains	4,673.00
Misc. - Ontario	984.00
Outside Properties	5,785.00
	<hr/>
	\$ 143,222.00
	<hr/> <hr/>

P C E EXPLORATIONS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM JANUARY 1/70 to MARCH 15/70

SOURCE OF FUNDS

Interest on Deposits	\$ 8,729.00	
Sundry Income	3,652.00	
Sale of Truck	<u>800.00</u>	
		\$ 13,181.00

USE OF FUNDS

Prospecting Equipment	\$ 1,631.00	
Interest on Joint Explorations	1,220.00	
Mining Lands & Lights	10,738.00	
Exploration & Administrative Exp.	<u>93,711.00</u>	
		<u>107,300.00</u>
Decrease in Working Capital		<u>\$ 94,119.00</u>
Working Capital beginning of period		\$604,821.00
Decrease in Working Capital		<u>94,119.00</u>
Working Capital - end of period		<u>\$ 510,702.00</u>
Current Assets		\$ 513,141.00
Current Liabilities		<u>2,439.00</u>
		<u>\$ 510,702.00</u>

EXPLORATION & ADMINISTRATIVE EXPENSE:

Alaska	\$ 49,729.00
Baffin Island	29,538.00
Misc. Expense	1,667.00
Adm. Expense	<u>12,777.00</u>
	<u>\$ 93,711.00</u>

  
\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR



# ENGINEERS REPORT

The following are excerpts from a report by J. R. Graham, P. Eng., dated February 5th, 1970, on mining claims located in The Lost River Area, Seward Peninsula, Alaska. A complete copy of this report is on file with the Toronto Stock Exchange.

## SUMMARY

PCE Explorations Limited has acquired by staking and option, 261 mining claims in the Lost River area of the western Seward Peninsula, Alaska. These claims cover several known lode tin-tungsten-fluorite and lode fluorite-beryllium deposits. The largest tin-tungsten-fluorite deposit discovered to date, the Lost River deposit has been designated the No. 1 Zone and the largest reported fluorite-beryllium deposit to date is in the Camp Creek valley and has been designated the No. 2 Zone.

The Lost River area is located in the central York Mountains at approximately 65°31' north latitude and 167°09' west longitude and is currently accessible by air and sea, with some limitations, and could be made accessible by land with certain development. The terrain is mountainous with talus covered slopes. There is a dearth of vegetation aside from small clumps of willows. The prevailing climate is arctic to sub-arctic.

Tin mineralization has been known in the Western Seward Peninsula since 1900. To date placer and lode tin mining operations in total have produced more than 2,200 tons of the metal.

The Lost River tin deposit supported a small, underground mining operation intermittently from 1904 until 1955. During the latter years (1951-1955) of production, the operation was partially financed under federal government loans.

The Lost River area lies in a mineralized, structural belt approximately seven miles long by two miles wide.

The belt is underlain by limestone bedrock which has been intruded by dikes of rhyolite, rhyolite porphyry and lamprophyre, and stocks of biotite granite. Several thrust faults, the most significant being the Rapid River fault and four systems of normal faults characterize the belt.

All lode tin-tungsten-fluorite reported to date has been found in altered rhyolite dikes near granite stocks, in the altered biotite granite stock or in veined bedrock associated with the dikes and granite. Four areas of fluorite-beryllium mineralization have been mapped along the Rapid River thrust fault and a fifth near an altered biotite granite.

The Lost River tin-tungsten-fluorite deposit and adjacent metallized ground constitute the No. 1 Zone. The minerals reported in the No. 1 Zone include cassiterite, wolframite, fluorite, base metal sulphides, beryllium, rare earths, and possibly silver. Measured and indicated reserves of 305,500 tons grading 1% tin or 1% tin and tungstic oxide combined have been calculated for the zone. Substantially, larger reserves at considerably lower grades have been estimated.

The No. 2 Zone deposit is a large non-pegmatitic, replacement lode in carbonate rocks. Volumetrically, the mineralized material consists of fluorite (45-65%), diaspore (5-15%), tourmaline 0-10%), white mica (0-5%) and chrysoberyl 3-10%). Chrysoberyl and diaspore are the most abundant beryllium bearing minerals. A minimum tonnage of 2,000,000 tons grading at least 50%  $\text{CaF}_2$  and 0.3% BeO has been suggested for the zone.

On the western end of the belt a 330,000 ton deposit grading approximately 0.25% BeO and 23%  $\text{CaF}_2$  has been outlined by diamond drilling. This deposit has been designated the No. 3 Zone.

Exploration, surface diamond drilling has been completed on the No. 1, the No. 2 and the No. 3 Zones. This work was done by the United States Bureau of Mines and private operators.

The United States Geological Survey has mapped both the No. 1 and No. 2 Zones and also the entire Lost River area.

Both the Bureau of Mines and the Geological Survey have prepared reports on the Lost River Mines.

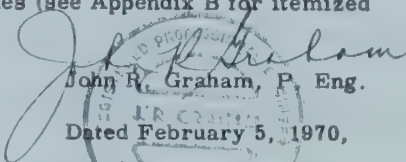
Lost River is strategically located within twenty-four miles of a potential harbour site at Port Clarence and within thirty miles of a potential 60,000 kilowatts power site on the Tuksuk Channel. Presently, both of these sites are undeveloped.



## RECOMMENDATIONS

1. Investigate and establish, where possible, proven ore reserves and grade in the No. 1 and No. 2 Zones. Such work will involve diamond drilling and assaying. This programme should commence as soon as is practical. Total footage required is estimated to be 30,000 feet.
2. Conduct geological and geochemical surveys on all mineralized zones within the structural belt.
3. Undertake a metallurgical testing programme on samples collected from the No. 1 and No. 2 Zones. This programme should be intended to determine the problems in extracting and recovering as many marketable concentrates as is possible.

A budget of \$513,547.00 should be allowed to cover the cost of the above programmes (see Appendix B for itemized breakdown).

  
John R. Graham, P. Eng.

Dated February 5, 1970,

Toronto, Ontario.

## CERTIFICATE

1. I, John Robert Graham, hereby certify:

That I am a graduate geological engineer and reside at Apartment 605, 1665 Bloor Street, Mississauga, Ontario, Canada.

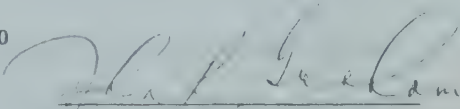
2. That I am a registered Professional Engineer with Association of Professional Engineers of Ontario;

3. That I graduated from the University of Toronto in 1967 with a Bachelor of Applied Science degree;

4. That I have been practising my profession continuously since then;

5. That I have spent approximately five months in the Lost River area of Alaska during the 1969 field season and have based this report on that experience and on all available published data prepared by government agencies and private industry.

DATED February 5, 1970

  
John R. Graham, P. Eng.

<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>The Company has entered into an Agreement dated the 30th day of January, 1970 with Messrs. Lenhart J. Grothe and Clayton Pearson, both of Kodiak, Alaska, U.S.A. (the "Optionors"), covering an option to purchase certain patented lode and placer mining claims and unpatented lode mining claims located in the State of Alaska and all mining plant, buildings, machinery, tools, appliances and equipment located on the said mining claims and in the immediate vicinity thereof, all as more particularly described therein.</p> <p>The initial consideration is \$10,000.00 U.S. payable forthwith upon the acceptance of the terms of the said Agreement by the Toronto and Vancouver Stock Exchanges (which acceptances have been obtained and which amount has been paid) and the remaining balance of \$640,000.00 U.S. is payable as follows:</p> <p>(a) The sum of \$120,000.00 U.S. on or before January 15th, 1971;</p> <p>(b) The further sums of \$50,000.00 U.S. on or before January 15th, 1972 and January 15th, 1973;</p> <p>(c) The further sums of \$100,000.00 U.S. on or before January 15th, 1974 and January 15th, 1975;</p> <p>(d) The further sum of \$220,000.00 U.S. on or before January 15th, 1976.</p> <p>With the exception of the option payment of \$120,000.00 U.S. due on January 15th, 1971, interest at the rate of 6% per annum is payable annually from the said date, to be paid concurrently with and in addition to each principal option payment calculated on the outstanding balance due under the Agreement.</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>None</p>



13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>As of February 11th, 1970 the following comprised the five largest shareholders of the Company:</p> <ul style="list-style-type: none"> <li>* Doherty, Roadhouse &amp; McCuaig, Bros., Simpson Tower, Toronto, Ontario. 733,987 share</li> <li>** Salkeld &amp; Co., P.O. Box 704, Church Street Station, New York, N.Y. 10015. 300,000 share</li> <li>Spel &amp; Co., c/o Mutual Fund Division, State Street Bank &amp; Trust Company, Boston, Massachusetts. 300,000 share</li> <li>Richardson Securities of Canada, 1 Lombard Place, Winnipeg, Manitoba. 196,144 share</li> <li>*** Hearne Coppermine Explorations Limited (N.P.L.), Suite 401, 1101 West Hastings Street, Vancouver, B.C. 150,000 share</li> </ul> <p>* 85,000 of these shares are beneficially owned by Assembly Mines Limited, Suite 420, 159 Bay Street, Toronto, Ontario, Mr. Watts' wholly owned company.</p> <p>** Management understands that these shares are beneficially owned by The Value Line Development Capital Corporation, 5 East 44th Street, New York, N.Y.</p> <p>*** Beneficially owned.</p> <p>The beneficial ownership of the other above mentioned shares is unknown to the signatories hereto.</p>
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The Directors of the Company from time to time by the solicitation of proxies from the shareholders and those shareholders indicated in Item 15 hereof, may be in a position to materially affect control of the Company.



<p>17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.</p>	<p>47,450 shares of Gavan Mines Limited carried on the books of the Company at \$1.00 - no quoted market value.</p> <p>750,000 of Pacific (Northern) Gold Mines Limited at book value of \$164,226.00 - no quoted market value.</p> <p>25,910 escrowed shares of San Judas Molybdenum Corporation Limited carried on the books of the Company at \$4,492.79 - no market value.</p> <p>1,250,002 shares of Coppermine River Limited carried on the books of the Company at \$435,002.00 - no quoted market value.</p> <p>33,750 escrowed shares of Northville Explorations Limited carried on the books of the Company at \$1,518.75 - no market value.</p> <p>425,483 shares of Teshierpi Mines Limited (410,000 escrowed) carried on the books of the Company at \$17,787.00 - no market value.</p> <p>94,180 shares of East Coppermine Exploration Company Limited carried on the books of the Company at \$45,000.00 - no quoted market value.</p> <p>131,966 shares of MuskoX Mines Limited carried on the books of the Company at \$35,020.00 - no quoted market value.</p>
<p>18. Brief statement of any lawsuits pending or in process against company or its properties.</p>	<p>See Schedule "B" on page 14.</p>
<p>19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.</p>	<p>See Schedule "A" on pages 3 - 13 inclusive.</p>
<p>20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.</p>	<p>There are no other material facts. Shares of the capital stock of the Company are not in the course of primary distribution to the public.</p>

DATED March 18th 1970.

# CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"M. WATTS" Per: M. Watts CORPORATE SEAL  
"G.A. LOADER" G.A. Loader

# CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)



